

PUBLIC DISCLOSURE

December 20, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

SEAMEN'S BANK

90268

**221 COMMERCIAL STREET
PROVINCETOWN, MA 02657**

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**Federal Deposit Insurance Corporation
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<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.</p>

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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") and the Federal Deposit Insurance Corporation ("FDIC") to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Seamen's Bank (or the "Bank")**, prepared by the Division and the FDIC, the institution's supervisory agencies as of **December 20, 2011**. The agencies evaluate performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00. The FDIC rates the CRA performance institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345 of the FDIC's Rules and Regulations.

INSTITUTION RATING

INSTITUTION'S CRA RATING:

**This institution is rated “High Satisfactory” by the Division.
This institution is rated “Satisfactory” by the FDIC.**

The FDIC’s CRA regulation does not have separate categories within the Satisfactory rating, whereas the Division’s CRA regulation allows for either a High Satisfactory or Satisfactory rating.

An institution in this group has a good record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The assigned rating is based on the results of two performance tests: the Lending Test and the Community Development Test. The Bank’s performance under each of these two tests is summarized below:

**Lending Test: “High Satisfactory” by the Division
 “Satisfactory” by the FDIC**

- Seamen’s Bank’s loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and the assessment area’s credit needs.
- A substantial majority (98.0 percent) of the Bank’s residential and small business loans are inside the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The geographic distribution of the Bank’s loans reflects an excellent dispersion throughout the assessment area.
- The Bank has not received any CRA-related complaints.

Community Development Test: “Satisfactory” by the Division and the FDIC

- The Bank’s community development performance demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution’s capacity and the need and availability of such opportunities for community development in the bank’s assessment area.

SCOPE OF THE EXAMINATION

This evaluation was conducted jointly by the Division and the FDIC. Intermediate Small Bank CRA examination procedures were utilized to assess the Bank's CRA performance. "Intermediate Small Bank" ("ISB") means an institution with assets of at least \$280 million as of December 31 of the prior two calendar years, and less than \$1.122 billion as of December 31 of either of the prior two calendar years. This is the Bank's first evaluation using ISB CRA examination procedures. These procedures utilize two performance tests: the Lending Test and the Community Development Test. The Lending Test considers the institution's performance pursuant to the following criteria: loan-to-deposit ("LTD") ratio, assessment area concentration, borrower's profile, geographic distribution of loans, and the response to CRA complaints. The Community Development Test considers qualified community development loans, investments, donations, and services. This evaluation considered the Bank's lending and community development activities for the period of September 16, 2008 through December 20, 2011. The data and applicable timeframes for the Lending Test and the Community Development Test are discussed below.

Through a review of the Bank's loan portfolio composition and discussions with management, it was noted that the Bank's primary lending focus is residential lending. However, the Bank is also an active commercial lender. Greater emphasis is placed on the Bank's residential lending performance because it is the Bank's primary lending category. Small farm loans were not considered in this analysis since the Bank made no small farm loans during the evaluation period. Consumer lending is not included in this analysis since it accounts for a minor portion of the Bank's overall lending activity and the Bank does not collect information regarding such activity.

Information concerning the Bank's residential mortgage lending was derived from the Loan Application Registers ("LARs") maintained by the Bank pursuant to the Home Mortgage Disclosure Act ("HMDA"). The LARs contain data about home mortgages, including purchase, home improvement loans, and refinancings of one- to four-family and multifamily (five or more units) properties.

Home mortgage data analyzed included full-year data from January 1, 2009 through December 31, 2010 and partial year data from January 1, 2011 through September 30, 2011 (referred to as Year-To-Date or YTD 2011). The Bank's lending performance in 2009 and 2010 is focused on as aggregate HMDA lending data is available for comparison purposes. The aggregate HMDA lending information is referred to as aggregate lending data. The aggregate lending data is used for comparison purposes within the evaluation and is a measure of loan demand. It includes lending information from all HMDA reporting lenders that originated loans in the Bank's assessment area.

While the Bank's home mortgage lending data for 2009, 2010 and YTD 2011 is analyzed and discussed within the Lending Test, the Bank's 2010 performance is weighted more heavily for purpose of assigning a rating as this is the most recent year aggregate data is available.

This evaluation also considered small business loans. Small business loans for the purpose of this evaluation are commercial real estate loans and commercial and industrial loans with original balances of \$1 million or less. The Bank's small business loan data was derived from a sample of originated business loans in 2010 and YTD 2011. The sample of business loans for 2010 consisted of 24 loans totaling \$1.8 million. For YTD 2011, the sample consisted of 23 loans totaling \$888,000. The Bank's 2010 lending performance was compared to 2010 small business demographic data, the latest year such information is available. As an ISB, the Bank is not required to collect and report small business loan data. As such, comparing the Bank's small business lending activity to small business aggregate lending data would not be appropriate, as aggregate lenders are typically much larger institutions.

The Community Development Test included an analysis of the Bank's community development loans, investments, and services for the period of September 16, 2008 through December 20, 2011. Community development grants and donations for the same time period were also included. Qualified equity investments currently held by the Bank were also included regardless of investment date. The investments were valued at the September 30, 2011 book value.

PERFORMANCE CONTEXT

Description of Institution

Seamen's Bank was incorporated in 1851 as a Massachusetts chartered mutual savings bank servicing the residents of lower Cape Cod. In addition to its main office, located at 221 Commercial Street in Provincetown, the Bank operates four branch offices located in Eastham, Provincetown, Truro and Wellfleet. The main office and the Provincetown branch office are both located in moderate-income census tracts, while the remaining three branches are all located in middle-income census tracts. All branches are equipped with 24 hour automated teller machines (ATMs) and four of the five branches have drive-up facilities.

As of September 30, 2011, the Bank had total assets of approximately \$317 million and total deposits of approximately \$282 million. Total loans were approximately \$188 million and represented 59.2 percent of total assets. The Bank's net loan-to-deposit ratio, as of the same date, was 65.7 percent. Since the last CRA evaluation, the Bank's assets have grown 15.5 percent, deposits have grown 16.9 percent, and net loans have decreased 2.0 percent.

Table 1 illustrates the distribution of the Bank's loan portfolio.

Table 1 Loan Distribution as of September 30, 2011		
Loan Type	Dollar Amount \$(000's)	Percent of Total Loans
Construction and Land Development	8,566	4.6
1-4 Family Residential	104,578	55.8
Multi-Family (5 or more) Residential	5,535	3.0
Commercial	62,901	33.5
Total Real Estate Loans	181,580	96.9
Commercial and Industrial	5,041	2.7
Consumer	972	0.4
Loans and Leases, net of unearned income	(32)	-
Total Loans	187,561	100.0

Source: Bank's Report of Condition and Income (Call Report) as of September 30, 2011

The Bank is primarily a residential lender with a majority of its portfolio secured by residential properties. As noted in Table 1, 55.8 percent of the loans are secured by residential one to four-family properties, followed by construction and land development at 4.6 percent, and multi-family residential loans at 3.0 percent. Loans secured by commercial real estate accounted for 33.5 percent of the loan portfolio, while commercial and industrial loans represent 2.7 percent of loans. Total real estate loans account for 96.9 percent of the total loan portfolio. In discussions with the Bank's management, it was noted that the assessment area, (particularly, Provincetown, Wellfleet and Truro) continues to be a tourist destination and the area's biggest challenge is the decreasing year round population, due to the high cost of living. Most of the small business loans are for start-up costs of existing businesses getting ready to open for the season.

The Division and the FDIC last evaluated the Bank's CRA performance as of September 15, 2008. Small Bank CRA procedures were utilized for the evaluation. The Division assigned a rating of "High Satisfactory" and the FDIC assigned a rating of "Satisfactory." As previously noted, the FDIC's rating matrix does not provide for a "High Satisfactory" rating.

There are no apparent financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area. Based upon the Bank's asset size, product offerings, and branch network, its ability to meet the community's credit needs remains strong.

Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Bank's assessment area as currently defined meets the technical requirements of the CRA regulation since it: (1) consists of one or more political subdivisions, (2) includes the geographies where the Bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans, (3) consists of whole census tracts, (4) does not extend substantially beyond state boundaries, unless otherwise permitted by the regulation, (5) does not reflect illegal discrimination, and (6) does not arbitrarily exclude low- and moderate-income areas.

The Bank's assessment area includes the following towns in Barnstable County: Brewster, Eastham, Orleans, Provincetown, Truro and Wellfleet. All of these towns are located in the Barnstable, Massachusetts Metropolitan Statistical Area ("MSA"), and is known as lower Cape Cod.

Refer to Table 2 for pertinent demographic information about the assessment area.

Table 2 Assessment Area Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	7		14.3	71.4	14.3
Population by Geography	30,155		11.4	78.2	10.4
Owner-Occupied Housing by Geography	10,499		9.4	78.7	11.9
Business by Geography	3,751		24.1	67.6	8.3
Family Distribution by Income Level	7,981	18.6	18.5	24.8	38.1
Distribution of Low and Moderate Income Families throughout AA Geographies	2,959		8.2	83.5	8.3
Median Family Income (MFI)		\$55,440	Median Housing Value	\$238,799	
HUD Adjusted Median Family Income for 2009		\$75,400	Unemployment Rate	6.6%	
HUD Adjusted Median Family Income for 2010		\$75,300	(2000 US Census)		
HUD Adjusted Median family Income for 2011		\$79,000	Unemployment Rate	7.0%	
Households Below Poverty Level		8.0%	(Nov 2011 Bureau of		
Families Below Poverty Level		3.4%	Labor Statistics)		

Source: 2000 US Census Data, 2009 – 2011 HUD updated MFI, 2010 Business Geodemographic Data

As the data in Table 2 shows, the Bank's assessment area consists of 7 census tracts, of which there are no low-income census tracts, 1 moderate-income census tract (14.3 percent), 5 middle-income census tracts (71.4 percent) and 1 upper-income census tract (14.3 percent). The moderate-income census tract is located in Provincetown.

The assessment area has a total population of 30,155 residing in 7,981 family households. Of all family households in the area, 18.6 percent are low-income, 18.5 percent are moderate-income, 24.8 percent are middle-income, 38.1 percent are upper-income and 3.4 percent are families below the poverty level. Of the 13,650 households, 3,458, or 25.3 percent, are low-income and 2,296, or 16.8 percent, are moderate-income; approximately one third of the low-income households, 1,091 or 8.0 percent, are households that are below the poverty level.

The assessment area consists of 28,409 total housing units, of which 10,499, or 37.0 percent, are owner-occupied units, 3,151, or 11.0 percent, are rental units, and 14,759, or 52.0 percent, are vacant units. The large percentage of vacant units is partly due to the fact that many properties are second homes owned for seasonal purposes. Of the 10,499 owner-occupied housing units, 986 or 9.4 percent are in moderate-income census tracts.

The median housing value in 2000 for the assessment area was \$238,799, and the median age of the housing stock was 27 years. Recent figures from the Bankers and Tradesman show that the assessment area's median home prices in 2009 ranged from a low of \$365,000 in Brewster to a high of \$600,000 in Provincetown. In 2010, the median price ranged from a low of \$365,000 in Brewster to a high of \$872,500 in Provincetown. In 2011, the median price ranged from a low of \$355,000 in Brewster to a high of \$570,000 in Truro.

Regardless of the census tract category in which they are located, low- and moderate-income families represent approximately 18.6 percent and 18.5 percent, respectively, of all families within the Bank's assessment area. A closer look at the households in the assessment area reveals that 8.0 percent have income levels below the poverty level and 1.4 percent of households receive some form of public assistance. This poverty rate typically indicates a reduced ability to secure a mortgage loan, thereby reducing a financial institution's ability to penetrate these markets through residential loan products.

Data obtained from the 2009 Business Geodemographic Data show that there are 4,601 businesses in the assessment area, of which 77.6 percent have gross annual revenues of \$1 million or less, 3.0 percent have gross annual revenues greater than \$1 million, and the remaining 19.4 percent have unknown revenues. Of total businesses in the assessment area, 24.4 percent are in moderate-income census tracts, 66.6 percent are in middle-income tracts, and 9.1 percent are in upper-income tracts.

Data obtained from the 2010 Business Geodemographic Data show that there are 3,751 businesses in the assessment area, of which 80.5 percent have gross annual revenues of \$1 million or less, 3.2 percent have gross annual revenues greater than \$1 million, and the remaining 16.3 percent have unknown revenues. Of total businesses in the assessment area, 24.1 percent are in moderate-income census tracts, 67.6 percent are in middle-income tracts, and 8.3 percent are in upper-income tracts.

Provincetown is a well known resort community located at the tip of Cape Cod. The economy is based largely on tourist services, especially motels and restaurants, and is, therefore, limited and strongly seasonal. This is reflected in the high annual unemployment rates.

As noted above, the highest proportion of the business establishments is engaged in the services industry (43.2 percent). Businesses involved in retail trade (19.0 percent), construction (11.6 percent) and non-classifiable establishments (6.8 percent) make up a significant share of the establishments. In terms of employees, approximately 72.3 percent of the area's businesses employ four or fewer people. Included among the largest employers on the Cape are Cape Cod Healthcare, Woods Hole Oceanographic, Air National Guard, Nantucket Airlines Administration, and Ocean Edge Resort and Golf Club.

The unemployment rate statewide for Massachusetts is 7.0 percent according to November 2011 statistics gathered from the Bureau of Labor Statistics. This represents a decrease as compared to the annual percentage of 2009 and 2010, where the unemployment rate in Massachusetts was 8.2 percent and 8.7 percent, respectively. The unemployment rate for the Barnstable, MA MSA for 2009 was 8.3 percent and for 2010 was 8.9 percent which shows slightly higher unemployment rates for the Bank's assessment area compared to that of

Massachusetts as a whole. As of November 2011, the unemployment statistics for the Towns in the assessment area per the Bureau of Labor Statistics were: Brewster at 6.4 percent, Eastham at 8.7 percent, Orleans at 7.2 percent, Provincetown at 28.2 percent, Truro at 14.1 percent and Wellfleet at 12.3 percent.

The Bank faces strong competition from other financial institutions that originated loans within the assessment area. These institutions range in size from small credit unions and mortgage companies with single office locations to the largest banks in New England. Among the more prominent lenders competing with the Bank are Cape Cod Five Cents Savings Bank, Bank of America, Cape Cod Co-operative Bank, and Sovereign Bank. The 2009 aggregate lending data shows that 200 lenders originated 2,724 residential mortgage loans in the Bank's assessment area. Seamen's Bank ranked eighth with a 2.1 percent market share. The 2010 aggregate lending data shows that 197 lenders originated 2,351 residential mortgage loans in the Bank's assessment area. Seamen's Bank ranked ninth with a 3.2 percent market share. The top three lenders in the assessment area in terms of market share are Cape Cod Five Cents Savings Bank with 21.1 percent, Bank of America with 7.5 percent, and Wells Fargo Bank with 5.7 percent.

Community Contact

A community contact was conducted with an organization that works as a private developer and property manager of affordable rental and condominium ownership housing. This organization has completed several affordable housing developments and workspaces in the assessment area. The contact stated that affordable housing is very difficult because most housing is seasonal as the housing market is influenced by second home ownership. The contact also stated there is a lack of land to build affordable housing. Overall, the contact was pleased with the responsiveness of the local community banks to the area's credit needs, but did note they would like financial institutions to offer lower downpayment programs and more loan programs with flexible terms. The contact stated individuals have the monthly payment, but do not have enough savings for a downpayment.

Based on a review of demographic data and discussions with the local community development organization, the assessment area has no one primary credit need. However, given that the area is comprised of residential communities, retail residential loan products are in demand. The area's residents also require a variety of consumer loan products to meet personal needs and an array of home financing programs for the purchase, construction, or refinance of a residence. The area's business base also requires numerous commercial credit options to meet a wide variety of financing needs. Affordable housing is also a need.

PERFORMANCE CRITERIA

LENDING TEST

1. LOAN-TO-DEPOSIT (LTD) ANALYSIS

This performance criterion determines what percentage of the Bank's deposit base is reinvested in the form of loans. Based on the Bank's asset size, resources, and the credit needs of its assessment area, the Bank's net LTD ratio is considered reasonable.

An analysis of Seamen's Bank's quarterly net LTD ratios for the last 13 quarters since the prior joint CRA evaluation was conducted. The quarters reviewed include those ending September 30, 2008 through September 30, 2011. These ratios are based on loans, net of unearned income and net of the allowance for loan and lease losses, as a percentage of total deposits. The Bank's average net LTD ratio was 75.0 percent. The net LTD ratio has fluctuated over the last 13 quarters from a low of 65.7 percent (as of September 30, 2011) to a high of 86.1 percent (as of March 31, 2009). During this timeframe, net loans decreased 2.0 percent and deposits increased 16.9 percent.

For comparison purposes, the Bank's average net LTD ratio was compared with the average net LTD ratios of other similarly-situated banks (similar asset size and loan portfolio composition). The comparison is noted in Table 3.

Table 3 Similarly-Situated Average Net LTD Ratio Comparison		
Bank Name	Total Assets As of 9/30/2011 \$(000's)	Average Net LTD Ratio
Randolph Savings Bank	382,068	64.9
Mansfield Cooperative Bank	353,163	80.6
Seamen's Bank	316,878	75.0
South Coastal Bank	260,610	100.7
Mayflower Cooperative Bank	247,642	56.8

Source: Reports of Condition and Income (Call Reports) dated September 30, 2008 – September 30, 2011

As shown in Table 3, the four other institutions' average net LTD ratios ranged between 56.8 percent and 100.7 percent. At 75.0 percent, the Bank's average net LTD compares favorably.

The Bank sells loans in the secondary market. Since the last examination, the Bank sold 133 loans totaling \$30 million. All the loans were sold to the Federal National Mortgage Association (Fannie Mae). This, in addition to the Bank's LTD ratio, demonstrates its willingness to reinvest in the community through its lending services.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area. The analysis includes both residential and small business lending. Based on a review of the Bank's home and small business lending data, a substantial majority, (98.0 percent) of the Bank's lending activity occurs within the assessment area. Table 4 illustrates the Bank's record of extending residential mortgage loans and small business loans inside and outside the assessment area by number and dollar amount.

Table 4 Distribution of Loans Inside and Outside of Assessment Area										
Year and Loan Purpose	Number of Loans					Dollar Volume (\$000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2009										
Home Purchase	28	96.6	1	3.4	29	7,779	94.6	445	5.4	8,224
Refinance	22	95.7	1	4.3	23	4,747	82.7	994	17.3	5,741
Home Improvement	7	100.0	0	0.0	7	2,103	100.0	0	0.0	2,103
Total	57	96.6	2	3.4	59	14,629	91.0	1,439	9.0	16,068
2010										
Home Purchase	31	96.9	1	3.1	32	8,873	97.2	257	2.8	9,130
Refinance	57	100.0	0	0.0	57	13,851	100.0	0	0.0	13,851
Home Improvement	7	100.0	0	0.0	7	621	100.0	0	0.0	621
Total	95	99.0	1	1.0	96	23,345	98.9	257	1.1	23,602
YTD 2011										
Home Purchase	14	93.3	1	6.7	15	3,770	96.9	119	3.1	3,889
Refinance	26	100.0	0	0.0	26	6,063	100.0	0	0.0	6,063
Home Improvement	10	100.0	0	0.0	10	1,940	100.0	0	0.0	1,940
Total	50	98.0	1	2.0	51	11,773	99.0	119	1.0	11,892
Total Home Loans	202	98.1	4	1.9	206	49,747	96.5	1,815	3.5	51,562
2010 Small Business	23	95.8	1	4.2	24	1,862	98.9	20	1.1	1,882
YTD 2011 Small Business	23	100.0	0	0.0	23	888	100.0	0	0.0	888
Total Small Business	46	97.9	1	2.1	47	2,750	99.3	20	0.7	2,770
Grand Total	248	98.0	5	2.0	253	52,497	96.6	1,835	3.4	54,332

Source: 2009, 2010, and YTD 2011 HMDA LARs and a sample of the Bank's 2010 and YTD 2011 Small Business Loans

Home Loans

As shown in Table 4, the Bank originated 202 home loans totaling \$49.7 million in the assessment area during the evaluation period. This represents 98.1 percent of the total number of home loans originated by the Bank and 96.5 percent by dollar volume. The distribution of loans by number bears more weight on the Bank's rating than the distribution by dollar amount, as the number of loans correlates more closely to the number of individuals or families that were able to obtain home mortgage loans.

The Bank's ability to originate a substantial majority of its loans in its assessment area is excellent based on the high level of competition from other lenders.

Small Business Lending

Table 4 shows that the Bank originated 46 small business loans totaling \$2.7 million in the assessment area during the evaluation period. This represents 97.9 percent of the total number of small business loans originated by the Bank and 99.3 percent by dollar volume. The proportion of small business lending in the assessment area has been consistent throughout the evaluation period.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS AND BUSINESSES OF DIFFERENT SIZES

This performance criterion evaluates the distribution of the Bank's residential and small business loans based on borrower characteristics. Analyses were conducted of the Bank's residential mortgage loans inside the assessment area based on borrower income and the Bank's small business loans inside the assessment area based on revenues of businesses. For residential lending, emphasis is placed on loans to low- and moderate-income borrowers, and for small business lending, emphasis is placed on loans to businesses with gross annual revenues ("GAR") of \$1 million or less.

Overall, the Bank achieved an adequate penetration of loans among individuals of different income levels and businesses of different sizes.

Home Loans

Residential lending data was reviewed to assess how well the Bank is addressing the housing credit needs of the area's low-, moderate-, middle-, and upper-income residents. Special consideration is placed on the Bank's record of lending to low- and moderate-income borrowers residing in the assessment area. The Bank's performance of lending to borrowers of different income levels is analyzed in two ways. The first analysis compares the Bank's performance with all financial institutions that originated at least one home mortgage loan in the assessment area in 2009 and 2010. Aggregate data for 2011 is not available as of this evaluation date. The second analysis compares the Bank's lending activity with assessment area demographic data.

Table 5 details the distribution of loans by borrower income within the Bank's assessment area.

Table 5 Distribution of HMDA Loans by Borrower Income Level									
Loan Category	# of Bank Loans	Percent of Bank Loans				Percent of Aggregate Lending			
		Low-Income	Moderate-Income	Middle-Income	Upper-Income	Low-Income	Moderate-Income	Middle-Income	Upper-Income
2009									
Home Purchase	27	14.8	7.4	18.5	59.3	2.5	8.7	10.4	78.4
Refinance	20	25.0	20.0	20.0	35.0	3.3	11.5	18.4	66.8
Home Improvement	6	16.7	0.0	50.0	33.3	14.9	15.5	23.0	46.6
Total	53	18.9	11.3	22.6	47.2	3.8	11.2	17.1	67.9
2010									
Home Purchase	28	3.6	7.1	17.9	71.4	2.1	6.9	9.9	81.1
Refinance	56	12.5	19.6	16.1	51.8	3.2	10.8	17.0	69.0
Home Improvement	7	0.0	28.6	28.6	42.8	4.6	25.4	20.8	49.2
Total	91	8.8	16.5	17.6	57.1	3.1	10.6	15.4	70.9
YTD 2011									
Home Purchase	14	0.0	21.4	14.3	64.3				
Refinance	26	15.4	15.4	23.1	46.1				
Home Improvement	10	40.0	20.0	10.0	30.0				
Total	50	16.0	18.0	18.0	48.0				
Grand Total	194	13.4	15.5	19.1	52.0				
Demographics	#	Distribution of Families by Income Level (%)							
		Low-	Moderate-	Middle-	Upper-				
Families	7,981	18.6	18.5	24.8	38.1				

Source: 2009, 2010, and YTD 2011 HMDA LARS, 2009 and 2010 HMDA Aggregate Data, 2000 US Census Data; Table excludes loans for which income is not available

In terms of overall lending volume to the various borrower income levels, Table 5 shows that during the evaluation period, upper-income borrowers accounted for the highest share of loans in each of the loan categories and the highest single share of total loans. The percentage of loans to the upper-income borrowers was higher than the percentage of upper-income families in the area. Overall, the strong penetration in upper-income borrowers (52 percent) is not unexpected, considering that 38.1 percent of the area's families are upper-income. In addition, the aggregate lending was highest to upper-income borrowers at 67.9 percent for 2009 and 70.9 percent for 2010. Middle-income borrowers, at 19.1 percent, accounted for the next highest percentage of total loans. The percentage of loans to the middle-income borrowers was lower than the demographics. Moderate-income borrowers during the evaluation period accounted for 15.5 percent of the loan volume, lower than the percentage of moderate-income families at 18.5 percent. Low-income borrowers accounted for the lowest share of total loans. The overall proportion of loans to low-income borrowers (13.4 percent) was below the percentage of low-income families (18.6 percent) in the assessment area. However, because of the percentage of families below the poverty, which is a subset of this category, it would not be expected for a lender to achieve parity with the demographic data in this category.

In 2009, the Bank's distribution of loans to low-income borrowers, at 18.9 percent, was significantly higher than the aggregate, at 3.8 percent. It is noted that lending to low-income borrowers was consistent with the percentage of low-income families (18.6 percent). The Bank's positive performance in lending to low-income borrowers is further highlighted by its 2009 market share, which reveals Seamen's Bank ranked second among all assessment area lenders. In 2010, the Bank's distribution of loans to low-income borrowers, at 8.8 percent, dropped significantly compared to its 2009 performance. However, the Bank still compared favorably with the aggregate lenders performance, at 3.1 percent. The Bank's overall positive performance in lending to low-income borrowers in 2010 is highlighted by its 2010 market share. The Bank again ranked second, with a market share of 9.3 percent, for all assessment area loans originated to low-income borrowers. Cape Cod Five Cents Savings Bank, a larger local bank, ranked first, with 35 loans and a 40.7 percent of the market share. YTD 2011, the Bank's lending performance to low-income borrowers increased from 8.8 to 16.0 percent, reflecting a positive trend in low-income borrower lending.

In 2009, the Bank extended 11.3 percent of total loans to moderate-income borrowers, which was consistent with the aggregate lenders performance at 11.2 percent. The Bank's 2009 lending performance is lower than the percentage of moderate-income families at 18.5 percent. Market data analysis revealed that in 2009 the Bank ranked 14th among all assessment area lenders in terms of originations to moderate-income borrowers. In 2010, the Bank's lending performance increased, with 16.5 percent of its total loans to moderate-income borrowers, which is higher than the aggregate lenders performance, at 10.6 percent. The Bank's 2010 lending performance was lower than the percentage of moderate-income families at 18.5 percent. The 2010 market share report pertaining to loans made to moderate-income borrowers in the assessment area shows the Bank ranked fourth, with a market share of 5.3 percent. YTD 2011, the Bank's moderate-income borrower performance increased from 16.5 percent to 18.0 percent, reflecting a positive trend in moderate-income borrower lending.

As seen in the Bank's lending performance, the Bank makes proactive efforts to address the credit needs of low- and moderate-income borrowers within its assessment area. For example, the Bank works with a local town organization to provide pre-approvals to qualified low- or moderate-income applicants so they can enter an Affordable Housing Lottery. During the evaluation period, the Bank received 12 pre-approval requests of which 9 were approved. The Bank's low- and moderate-income lending performance is favorable, given that the lenders holding the largest market share within the Bank's assessment area are primarily national or local banks of great asset size than Seamen's Bank.

Small Business Lending

The Bank's small business lending was reviewed to assess how well the Bank is addressing the area's business credit needs. Table 6 illustrates the distribution of the Bank's 2010 small business loans within the assessment area by business size. For comparison purposes, the table includes the percentage of businesses in the assessment area by GAR category.

Table 6 Distribution of Small Business Loans by GAR					
Gross Annual Revenues (000s)	% of Businesses	2010 Bank Loans			
		#	%	\$ (000)	%
≤ \$1,000	80.5	21	91.4	1,489	80.0
> \$1,000	3.2	1	4.3	350	18.8
Unknown Revenue	16.3	1	4.3	23	1.2
Total	100.0	23	100.0	1,862	100.0

*Source: Sample of the Bank's 2010 Small Business Loans, 2010 Business
Geodemographic Data*

As shown in Table 6, the Bank made 91.4 percent of all small business loans to businesses with GAR of \$1 million or less in 2010, which is higher than the percentage of business in that size category (80.5 percent). This reflects a strong small business lending performance. YTD 2011, the Bank's performance trended down, with 20 small business loans, or 87.0 percent, originated to businesses with GAR of \$1 million or less.

4. GEOGRAPHIC DISTRIBUTION

This criterion evaluates the distribution of the Bank's loans within the assessment area by census tract income level, with emphasis on lending in low- and moderate-income census tracts. As mentioned previously under the Description of Assessment Area, the Bank's assessment area comprises 7 census tracts: no low-income census tracts, 1 (14.3 percent) moderate-income, 5 (71.4 percent) middle-income, and 1 (14.3 percent) upper-income census tract. Overall, the geographic distribution of loans reflects an excellent penetration throughout the assessment area. The Bank was highly successful in penetrating the moderate-income census tract in its assessment area.

Home Loans

Table 7 illustrates the distribution of the Bank's 2009, 2010 and YTD 2011 residential mortgage lending within the assessment area by number. For comparison purposes, the table includes the percentage of owner-occupied housing units within each census tract by income category and the aggregate market lending data for 2009 and 2010.

Table 7 Distribution of HMDA Loans by Census Tract Income Category									
Loan Category	# of Bank Loans	Percent of Bank Loans				Percent of Aggregate Lending			
			Moderate-Income	Middle-Income	Upper-Income		Moderate-Income	Middle-Income	Upper-Income
2009									
Home Purchase	28		42.9	57.1	0.0		24.2	68.4	7.4
Refinance	22		36.4	63.6	0.0		14.6	74.8	10.6
Home Improvement	7		28.6	71.4	0.0		4.3	84.6	11.1
Total	57		38.6	61.4	0.0		16.0	74.0	10.0
2010									
Home Purchase	31		45.2	54.8	0.0		19.5	72.9	7.6
Refinance	57		40.3	59.7	0.0		15.1	74.5	10.4
Home Improvement	7		42.9	57.1	0.0		4.6	81.8	13.6
Total	95		42.1	57.9	0.0		15.6	74.4	10.0
YTD 2011									
Home Purchase	14		42.9	57.1	0.0				
Refinance	26		38.5	61.5	0.0				
Home Improvement	10		70.0	30.0	0.0				
Total	50		46.0	54.0	0.0				
Grand Total	202		42.1	57.9	0.0				
Demographics	#	Distribution of Housing by Census Tract Income Level (%)							
			Moderate-Income	Middle-Income	Upper-Income				
Owner-Occupied Units	10,499		9.4	78.7	11.9				

Source: 2009, 2010 and YTD 2011 HMDA LARS, 2009 and 2010 HMDA Aggregate Data, and 2000 US Census Data

As shown in Table 7, in 2009, 38.6 percent of the Bank's home loans were originated within the moderate-income census tract. This is significantly higher than both the aggregate lenders at 16.0 percent and the owner-occupied housing units in the moderate-income census tract at 9.4 percent. By loan product, the Bank exceeds the aggregate in home purchase, refinance and home improvement loans. Market rank reports for 2009 show that there were 565 originations in the moderate-income census tract. Seamen's Bank ranked seventh, with a 3.9 percent market share. The top three originators in the moderate-income census tract were larger national banks.

In 2010, the Bank improved its strong performance and originated 42.1 percent of its home loans within moderate-income tracts. This again is significantly higher than both the performance of the aggregate lenders (at 15.6 percent) and the percentage of owner-occupied housing units in the moderate-income census tract (9.4 percent). Market rank reports for 2010 show that there were 492 originations in the moderate-income census tract. Seamen's Bank ranked third, with an 8.1 percent market share. The top two originators in the moderate-income census tract were Wells Fargo Bank with an 18.1 percent market share and Bank of America with a 9.4 percent market share. Given the Bank's asset size, its high market rank is noteworthy.

In 2009 and 2010, the middle-income census tracts accounted for the highest proportions of the home purchase, refinance and home improvement loans. The strong performance in the middle-income census tracts is not surprising considering that these census tracts contain 78.7 percent of the assessment area's owner-occupied housing units. In addition, three of the Bank's five branch offices are located in these middle-income census tracts, drawing a large number of borrowers from the surrounding areas. The Bank made no loans in the upper-income census tract.

YTD 2011, home lending remains strong in the moderate-income census tract, reflecting a continued increasing trend from 42.1 percent in 2010 to 46.0 percent YTD 2011.

Small Business Lending

Table 8 illustrates the Bank's distribution of small business loans by census tract income level. Demographic information is included for comparison purposes.

Table 8					
Distribution Small Business Loans by Census Tract Income					
Loan Category	# of Bank Loans	Percent of 2010 Bank Loans			
			Moderate-Income	Middle-Income	Upper-Income
2010 Small Business Loans	21		81.0	19.0	0.0
Demographics	#	Distribution of Businesses (%)			
			Moderate-Income	Middle-Income	Upper-Income
Businesses	3,751		24.1	67.6	8.3

Source: Sample of the Bank's 2010 Small Business Loans and 2010 Business Geodemographic Data

As seen in Table 8, the Bank's small business lending in 2010 was heavily concentrated in the moderate-income census tract. In 2010, the Bank originated 81.0 percent of its small business loans in the moderate-income census tract. This was significantly higher than the percentage of businesses within the moderate-income census tract, at 24.1 percent. YTD 2011, the Bank originated a total of 20 small business loans in the assessment area, with 70.0 percent of its small business loans in the moderate-income census tract, 30.0 percent of its small business loans in the middle-income census tracts, and no loans in the upper-income census tract.

5. RESPONSE TO CRA COMPLAINTS

The Bank has not received any CRA-related complaints during the evaluation period. As a result, this performance criterion is not rated.

COMMUNITY DEVELOPMENT TEST

The Bank's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area.

Based on a review of demographic and economic data, activities of similarly situated financial institutions, and reviews of community development organization contacts, the assessment area has community development needs, primarily affordable housing. The Bank has adequately met these community development needs through the provision of community development loans, qualified donations and grants, and community development services.

Community Development Loans

For the purpose of this evaluation, a community development loan is defined as a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the Bank for consideration under small business or home mortgage lending (unless it is a multifamily dwelling loan), and (3) benefits the Bank's assessment area or a broader statewide or regional area that includes the Bank's assessment area.

As defined in the CRA regulation, a community development loan has as its primary purpose either affordable housing for low- and moderate-income individuals, community services targeted to low- and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, or activities that revitalize or stabilize low- and moderate-income geographies.

Seamen's Bank has made an adequate level of community development loans and was responsive to community development lending opportunities. During the evaluation period, the Bank originated 37 community development loans totaling \$1.2 million which represents 0.4 percent of total assets (\$317 million) and 0.6 percent of total loans (\$187.5 million) as of December 20, 2011.

The following describes all the community development loans originated during the evaluation period:

- In 2010, the Bank originated an \$185,000 construction loan to an affordable housing agency for the foundation, septic system, moving expenses, and funds needed for the construction of an affordable home.
- In 2010, the Bank originated a loan totaling \$192,000 to a local fisherman to purchase a fishing permit from a non-profit organization whose mission is to promote economic development by helping Cape fishermen lease fishing permits at an affordable rate.
- In 2011, the Bank originated two community development loans totaling \$100,000. The loans provide funding for local fishermen to purchase fishing vessels.
- In 2011, the Bank originated one loan totaling \$16,000 to purchase a fishing license through a nonprofit organization whose mission is to provide economic development by helping local fishermen obtain fishing permits.
- In 2008, the Bank originated 3 loans totaling \$93,500; in 2009, 10 loans totaling \$215,118; in 2010, 12 loans totaling \$289,800 and YTD2011, 7 loans totaling \$111,700 for a grand total of 32 loans totaling \$710,118 under the Capital Access Program. The Capital Access Program was created by the Massachusetts Business Development Corporation in 1993 to partner with banks to make loans to community based, small businesses in order to help businesses retain and create jobs and expand their businesses. The funds are committed by the Commonwealth of Massachusetts to provide cash collateral guarantees to banks that make loans to smaller businesses.

Qualified Investments

A qualified investment for the purposes of this CRA evaluation is a lawful investment, deposit, or grant that has community development as its primary purpose.

Seamen's Bank has an adequate level of qualified investments, grants and donations activity. In total, the Bank made \$98,195 in qualified investments during the evaluation period. All of the investments were donations. The Bank did not make any equity-type investments.

Donations

The Bank's donations are made through the Bank's Charitable Foundation. Funded entirely by the Bank, Seamen's Long Point Charitable Foundation is a private foundation that was founded in 1998 to serve the needs of the community. Donations are given to human services including elder services, families, children and human needs; youth education; conservation and environment; and

culture and art. Although the vast majority of the Bank's charitable donations are made through the Foundation, the Bank provides \$8,000 per year to students who are seniors at Provincetown High School and Nauset Regional High School. The Bank awards a \$2,000 scholarship to four students based on need. Income levels of the students are low- and moderate-income.

The total amount of qualified donations made by the Bank and the Charitable Foundation from September 16, 2008 through December 20, 2011, was \$98,195 representing 29.4 percent of the Bank's total donations of \$334,004. Individual year totals are as follows: 4Q2008 (\$4,850), 2009 (\$24,225), 2010 (\$36,970), and YTD 2011 (\$32,150), representing 3.8 percent, 1.5 percent, 1.8 percent, and 2.3 percent of net operating income (NOI), respectively, as noted in Table 9.

Table 9 Community Development Grants and Donations					
	4Q2008	2009	2010	YTD 2011	Total
Seamen's Bank	2,000	8,000	8,000	8,000	26,000
Seamen's Long Point Charitable Fund	2,850	16,225	28,970	24,150	72,195
Total	4,850	24,225	36,970	32,150	98,195
Pre-tax Net Operating Income (NOI)	\$129,000	\$1,602,000	\$2,023,000	\$1,410,000	\$5,164,000
Donations/Pre-Tax NOI	3.8	1.5	1.8	2.3	1.9
Number of Organization Benefiting from Donations	6	24	30	35	95

Source: Internal Bank Records

Table 10 details the Foundation's community development donations by category within the assessment area.

Table 10 Seamen's Long Point Charitable Foundation Community Development Grants and Donations by Category										
Community Development Category	4Q2008		2009		2010		YTD 2011		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing for Low- and Moderate-Income Individuals	0	0	0	0	2	500	4	650	6	1,150
Community Services Targeted to Low- and Moderate-Income Individuals	4	2,850	17	12,400	19	20,445	24	22,200	64	57,895
Promote Economic Development	0	0	3	3,825	5	8,025	3	1,300	11	13,150
Revitalize or Stabilize Low- or Moderate-Income Geographies	0	0	0	0	0	0	0	0	0	0
Total	4	2,850	20	16,225	26	28,970	31	24,150	81	72,195

Source: Internal Bank Records

The aforementioned qualified community development donations benefited organizations that provide education, youth programs, affordable housing, health and human services, and community services. The following are a few examples of the organizations to which the Foundation made qualified community development donations during the evaluation period:

Lower Cape Outreach Council: The mission of this organization is to provide emergency assistance of food, clothing and financial support to individuals and families. Clients are low- and moderate-income individuals and families.

The Mustard Seed Kitchen: This not-for-profit organization provides nourishing meals to people who are in need. They also provide nutritional snacks after school to teens and other young people during the school year. Clients are low- and moderate-income individuals and families.

Outer Cape Health Services: This organization's mission is to provide a full range of primary health care and supportive social services that promote the health and well-being of individuals, regardless of their ability to pay, by meeting their primary, preventive and urgent healthcare needs. Clients are low- and moderate-income individuals and families.

Independence House, Inc: This non-profit organization on the lower Cape provides free and confidential services for survivors of sexualized and domestic violence. Services are also provided to children of survivors. The majority of clients are low- and moderate-income individuals and families.

Cape Abilities, Inc: The mission of Cape Abilities is to serve individuals with disabilities by educating, counseling and providing residential, therapeutic, social, and employment support. The majority of clients are low- and moderate-income individuals and families.

Table 11 details the Bank's community development donations by category within the assessment area.

Table 11 Seamen's Bank Community Development Grants and Donations by Category										
Community Development Category	4Q2008		2009		2010		YTD 2011		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Community Services Targeted to Low- and Moderate-Income Individuals	2	2,000	4	8,000	4	8,000	4	8,000	14	26,000
Affordable Housing for Low- and Moderate-Income Individuals	0	0	0	0	0	0	0	0	0	0
Promote Economic Development	0	0	0	0	0	0	0	0	0	0
Revitalize or Stabilize Low- or Moderate-Income Geographies	0	0	0	0	0	0	0	0	0	0
Total	2	2,000	4	8,000	4	8,000	4	8,000	14	26,000

Source: Internal Bank Records

Each year the Bank provides four, \$2,000 scholarships for financial need to high school seniors to continue their education. Each student submits an essay stating the need and purpose of the scholarship.

Community Development Services

Seamen's Bank has an adequate community development services. A community development service has community development as its primary purpose and is generally related to the provision of financial services or technical services or assistance.

Involvement in Community Development Organizations

Based on the employees' level of involvement in such activities, the Bank's community development services are adequate.

During the evaluation period, officers and employees of the Bank were involved in local community development and non-profit organizations in various capacities. Bank personnel provided these organizations with financial management expertise while serving as directors, committee members, officers and volunteers. Summarized in Table 12 are the organizations assisted by the Bank throughout the evaluation period, by community development category.

Table 12	
Community Development Organizations	
Community Development Category	Number of Organizations
Community Services Targeted to Low- and Moderate-Income Individuals	4
Affordable Housing for Low- and Moderate-Income Individuals	2
Promote Economic Development	3
Revitalize or Stabilize Low- or Moderate-Income Geographies	0
Total	9

Source: Internal Bank Records

The following list is a sample of organizations in which the Bank's personnel are involved.

Truro Housing Authority: The Housing Authority is dedicated to providing affordable housing to young families, working people and seniors of the community. The Vice President Loan Administration is an elected member of the Housing Committee.

Cape Cod Children's Place: This non-profit agency provides care, support and advocacy for families with young children. The majority of clients are low- and moderate-income. The Vice President Commercial Lending is on the Board of Directors.

Community Development Partnership (CDP): CDP promotes environmental and economic sustainability, expanding opportunities for low- and moderate-income residents by providing affordable housing units. The Vice President Administration is on the Board of Directors.

Dexter M. Keezer Fund: Created in 1999, the purpose of the Fund is to assist Truro residents in crises (financial, clothing, food, heat,) in a timely manner via individual grants. The majority of clients are low- and moderate-income. The Quality Assurance and Servicing Manager is the Treasurer.

Educational Services and Seminars

On March 22, 2011, the Bank conducted a "Business Loan Basics Seminar" to offer insight into market conditions and how the seasonal Cape Cod economy affects the lending process.

During the evaluation period, the Bank conducted four, one-on-one consultations for first time homebuyers. Topics included: budgeting and credit; insurance; the house searching process; mortgages; affordable housing lotteries; legal issues; home inspections; appraisals and

successful homeownership. The Bank originated 25 loans totaling \$4.8 million to first time homebuyers during the evaluation period.

The Bank participates in the Massachusetts Community and Banking Council's (MCBC) Basic Banking in Massachusetts program. This statewide program is designed to offer low cost checking and savings accounts to low- and moderate-income individuals.

During the evaluation period, the Bank let the following organizations conduct meetings at their branches, at no charge: Cape Cod Children's Place, VNA Visiting Nurse Association, and Outer Cape Healthcare.

Branch/ATM Delivery Systems

The Bank operates five banking offices, including its main office in Provincetown and branch offices in Eastham, Provincetown, Truro, and Wellfleet. The main office and the Provincetown branch are both located in the moderate-income census tract, while the remaining three branches are located in middle-income census tracts. The main office and all four branches have automated teller machines (ATMs). All but the Provincetown branch office has drive-up window facilities.

Table 13 summarizes the distribution of the Bank's offices by the census tract income level compared with the distribution of total census tracts in the assessment area by income level and the distribution of the assessment area population by census tract income level.

Table 13			
Branch Distribution by Census Tract Income Level			
Census Tract Income Level	% of Bank Offices by Tract	% of tracts in the Assessment Area	% of Population by Tract
Moderate	40.0	14.3	11.4
Middle	60.0	71.4	78.2
Upper	0.0	14.3	10.4
Total	100.0	100.0	100.0

Source: Internal Bank Records and 2000 US Census data

As Table 13 shows, 14.3 percent of the census tracts in the Bank's assessment area are moderate-income, while 40.0 percent of the branches are located in that tract. According to 2000 U.S. Census data, 11.4 percent of the assessment area population resides in the moderate-income census tracts.

Table 14 summarizes the Bank branches, their location, any alternative delivery systems offered and the hours of availability. Office hours are convenient and accessible to all segments of the assessment area. Office hours are Monday through Thursday, 8:30 a.m. to 4:00 p.m.; Friday 8:30 a.m. to 6:00 p.m. On Saturday the Eastham branch and the main office in Provincetown are opened 8:30 a.m. to noon. The drive up windows are available from 8:30 a.m. to 4:00 p.m. Monday through Thursday and 6:00 p.m. on Friday, and 8:30 a.m. to noon Saturday. The walk up window is available from 4:00 p.m. to 6:00 p.m. on Friday.

Table 14 Branch Distribution and Services Information				
Office	Location	Census Tract Income Level	Alternative Delivery Systems	Branch Days
Main Office	Provincetown	Moderate	ATM Drive Up Window Walk up Window	Monday – Saturday
Eastham Branch at Brackett Farm	Eastham	Middle	ATM Drive Up Window	Monday – Saturday
Shank Painter Road Branch	Provincetown	Moderate	ATM	Monday – Friday
Truro Branch and Operations Center	Truro	Middle	ATM Drive Up Window	Monday – Friday
Wellfleet Branch	Wellfleet	Middle	ATM Drive Up Window	Monday – Friday

Source: Internal Bank Records

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The Bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. No evidence of discriminatory or other illegal credit practices was identified inconsistent with helping to meet community credit needs.

APPENDIX A

Fair Lending Policies and Procedures

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 2.3-101.

The Bank has a written Fair Lending Policy. The Bank proactively and affirmatively supports the fair lending process through fair, but flexible lending policies.

All employees are provided with training appropriate to their job description and responsibilities in fair lending issues.

The Bank makes exceptions to the loan policy. The Bank employs a second review process.

Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

MINORITY APPLICATION FLOW

According to the 2000 U.S. Census Data, the Bank's assessment area contained a total population of 30,155 individuals of which 4.9 percent are minorities. The assessment areas minority and ethnic population is 1.7 percent Black/African American, 0.5 percent Asian, 0.2 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 1.0 percent Hispanic or Latino and 1.5 percent other.

For 2009 and 2010, the Bank received 277 HMDA reportable loan applications from within its assessment area. Of these applications, 7 or 2.5 percent were received from minority applicants, of which 4 or 57.1 percent resulted in originations. For the same time period, the Bank also received 12 applications or 4.3 percent from ethnic groups of Hispanic origin within its assessment area of which 6 or 50.0 percent were originated.

Table 15								
MINORITY APPLICATION FLOW								
RACE	Bank 2009		2010 Aggregate Data		Bank 2010		Bank TOTAL	
	#	%	#	%	#	%	#	%
American Indian/ Alaska Native	0	0.0	3	0.1	0	0.0	0	0.0
Asian	0	0.0	22	0.6	1	0.7	1	0.3
Black/ African American	0	0.0	5	0.1	0	0.0	0	0.0
Hawaiian/Pac Isl.	0	0.0	1	0.0	0	0.0	0	0.0
2 or more Minority	0	0.0	1	0.0	0	0.0	0	0.0
Joint Race (White/Minority)	4	3.0	36	0.9	2	1.4	6	2.2
Total Minority	4	3.0	68	1.8	3	2.1	7	2.5
White	115	87.8	2,924	76.7	130	89.0	245	88.5
Race Not Available	12	9.2	821	21.5	13	8.9	25	9.0
Total	131	100.0	3,813	100.0	146	100.0	277	100.0
ETHNICITY								
Hispanic or Latino	3	2.3	15	0.4	4	2.7	7	2.5
Not Hispanic or Latino	114	87.0	2,948	77.3	124	84.9	238	86.0
Joint (Hisp/Lat /Not Hisp/Lat)	2	1.5	26	0.7	3	2.1	5	1.8
Ethnicity Not Available	12	9.2	824	21.6	15	10.3	27	9.7
Total	131	100.0	3,813	100.0	146	100.0	277	100.0

Source: 2009 and 2010 HMDA LAR, 2010 HMDA Aggregate Data

The Bank's level of lending was compared with that of the aggregate's lending performance levels for the most recent year that data was available, the year 2010. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to Table 15 for information on the Bank's minority application flow as well as the aggregate lenders (excluding the Bank) in the Bank's assessment area.

The Bank's performance exceeded that of the 2010 aggregate's performance level for both minority and ethnic applicants. The Bank received 2.1 percent for minorities while the aggregate was 1.8 percent. The Bank received 4.8 percent while the aggregate received 1.1 percent for ethnic minorities.

The Bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is reasonable given the aggregate lending and the demographics of the assessment area.

APPENDIX B

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 221 Commercial Street, Provincetown, MA 02657."
- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.